

**SUBMITTED BY:** Luis Pedroza, Deputy City Manager/City Treasurer

**MANAGEMENT TEAM REVIEW:** Ana Urquijo, City Manager

**FOCUS AREA:** Other / NA

**ORGANIZATIONAL IMPROVEMENTS:** EnterTextHere

**SUBJECT:** **EXECUTION of DONATION ACCEPTANCE AGREEMENT for the DONATION of 80 ACRES to the GENERAL SERVICES ADMINISTRATION (GSA) for the CONSTRUCTION of a NEW COMMERCIAL PORT OF ENTRY.**

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**EXECUTIVE SUMMARY:**

The Donation Acceptance Agreement contains terms that will donate parcel 407-69-004A comprised of 80 acres of city owned property to the United States for the construction of a new commercial port of entry.

Ordinance 22-1151 was approved at the October 25, 2022, meeting at the request of GSA. GSA is now requiring approval of a revised Donation Acceptance Agreement (attached) and recommending minor changes. The new terms of the agreement are non-substantive.

The new terms to the agreement include the following:

GSA no longer needs a utilities easement into the 80-acre parcel.

Once GSA owns the parcel, they will bring the utilities in.

GSA requests that the City bring the connector road to the 80-acres, which would entail working with our partners that could include ADOT and Cochise County.

The city is already working on this and was awarded \$8.2 million towards the construction of the connector road through a State of Arizona appropriation grant. Although the city requested \$15 million and was awarded \$8.2 million, this is still a very good start to getting the road funded. ADOT has mentioned that they are committed to assisting this important project and their support continues to be there. Currently, ADOT is conducting the Design Concept Report that will entail delineating the roadway to connect the new port to Highway 80, recommended specifications and presenting a projected cost.

The donation acceptance agreement solidifies the city's commitment to bring the new commercial POE to fruition, further allowing the construction of the facility to continue to be on track with a projected 2028 start date.

**BACKGROUND:**

For many years the city, county, GSA and various stakeholders lobbied for the construction of a dedicated commercial port of entry in Douglas. Security concerns of processing regular vehicle and pedestrian traffic along with commercial traffic pose risks with many commercial trucks crossing dangerous chemicals that could be dangerous to the general public if an accident and/or any spills occurred. The lack of space in the current port also presents security threats to CBP officers not having the proper facilities to perform their duties safely and effectively. Finally, the new commercial port of entry will be an economic engine for both Douglas and Agua Prieta economies bringing the potential for industry to come to the cities to manufacture, warehouse and import/export goods and services through a Douglas commercial port of entry built for state of the art of safe and efficient passage of goods and services between both countries.

On April 10, 2019, the Mayor and City Council executed Resolution 19-1332, a non-binding resolution that expressed the city's commitment to advance the two-port solution and donate 80 acres of city owned property located on the border by undeveloped James Ranch Road to GSA for the construction of a new commercial port of entry.

A feasibility study conducted by GSA on November 3, 2019, recommended that the most effective solution to address the need for space at the existing Raul H. Castro POE is through the implementation of a two-port solution.

The two-port solution entailed the construction of a dedicated commercial POE away from the existing POE and the renovation and expansion of the existing Raul H. Castro POE.

Thereafter, the United States government presented a diplomatic note to the Mexican government indicating the intent to construct a new commercial port of entry at the desired location by James Ranch Road. Mexico responded on November 2021 its concurrence with the US government's diplomatic note and followed suit to continue its efforts for a two-port solution in Agua Prieta Mexico by the James Ranch Road location.

The Mexican landowner has officially submitted a proposal for donation of the land directly adjacent to the city's land on James Ranch Road to the Mexican government for the construction of a Mexico commercial POE and connector road.

On November 8, 2021 the US government allocated, through the Infrastructure and Investment and Jobs Act close to \$400 million for the construction of a new commercial POE and expansion of the existing Raul H. Castro. The city formed a technical team of stakeholders for the development of the project and to develop the surrounding infrastructure that included utilities, a connector road and associated infrastructure.

On April 2022 ADOT committed an increased amount of \$1.5 million (from \$800,000) in funding towards a design concept report that will study and recommend the best alternative and location of the connector road from the commercial POE to Highway 80. The report will also include a NEPA environmental process.

The city partnered with the county through an MOU on December 8, 2021 to apply for funding for various infrastructure needs for the POE. The County put forward \$350,000 in funding to begin the 30% design of the water, sewer and broadband conduit. To date, the county and city have received and reviewed a final report of the 30% design and have initiated the 60% design.

GSA has begun the environmental process of both the new commercial POE site and existing Raul H. Castro POE.

The city and GSA worked to establish terms and conditions of the donation of the 80 acres to GSA for the construction of a new commercial POE. The key terms of the agreement include the unconditional donation of 80 acres of city owned property located by the U.S./Mexico border by James Ranch Road for the construction of a new commercial POE. In addition, the GSA requires the delivery of utilities and infrastructure to service the POE. These include the delivery of temporary utilities 18 months from the execution of the original Donation Acceptance Agreement last October. Temporary utilities include water, electric and broadband. Permanent utilities are to be delivered by the city within 48 months of execution of this agreement. Permanent utilities include permanent water, electric, broadband and sewer, natural gas and fire service. The Agreement also lists that the city would make best efforts to ensure the connector road is built and establish an MOU with ADOT set out to meet this goal.

The city, county and its partners are working to develop a funding plan for the associated utility infrastructure estimated at \$27 million. A recent development is the grant that Cox received from ACA that funds broadband fiber connection in the City of Douglas and up to Cochise College, which establishes a path for connection to James Ranch Road that could potentially feed the new POE. In funding the other utilities, the city is currently working with APS, Southwest Gas as well as with the contracted engineers, Stantec, to continue the design of the water/sewer/broadband conduit. Although not all funding has been identified, the city and county have acquired partnerships to help seek grants and funding for this important economic development project. The city has applied for a \$2.8 million NADBank PDAP grant for the final water/sewer design and notified that the project was selected for funding. This grant positions the city favorably in being able to successfully apply and receive construction funding of up to \$8 million from the NADBank's BEIF grant. In addition, the city received appropriation funding in the amount of \$2.175 million from a congressionally directed spending request for the construction of a new well to feed the port. Finally, the county has also stated that it could allocate some ARPA funding towards the water/sewer design and/or construction. Although the city is still short about \$10 million in identified funding, there are other grants the city is pursuing to meet the funding gap.

The donation of the 80-acres to GSA is an important step for the construction of the new commercial POE after the receipt of funding for the project. Having the location secured allows studies (environmental, DCR, utilities) to continue as originally commissioned and provide GSA with the land needed to build the commercial POE.

## **DISCUSSION:**

Staff recommends the execution and recordation of the Donation Acceptance Agreement as presented. And also recommends the continued pursuit of delivering utilities to the new POE in accordance with the terms agreed upon through the original Agreement.

**FISCAL IMPACT:**

The donation itself does not carry a financial impact. The conditions as part of the donation to deliver utilities to the site carry a fiscal responsibility that the city, county and its partners are looking to address.

**Fiscal Year:** 2022/2023

**Amount Requested:**

**Budgeted:** Y / N

**Account (s):** 103-5181-423762

**“...I MOVE THAT THE MAYOR AND COUNCIL APPROVE THE EXECUTION OF THE DONATION ACCEPTANCE AGREEMENT FOR THE DONATION OF 80 ACRES TO THE GENERAL SERVICES ADMINISTRATION (GSA) FOR THE CONSTRUCTION OF A NEW COMMERCIAL PORT OF ENTRY.”**